



28<sup>th</sup> February 2025

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| <b>Submitter</b> | <b>Sustainable Energy Association of New Zealand (SEANZ) – Trent Tscheuschler – Utility Scale Solar and BESS Programme Manager</b> |
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| <b>Questions</b>   | <b>Comments</b>  |
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| Q1. Is there any other related work that you think is relevant to our consideration of PPA issues? | The Business Energy Council (BEC) is developing template PPA agreements for use in the New Zealand market.   |
| Q2. Do you have any suggested additions or modifications for PPA terms and concepts?               | Virtual PPA – a financial contract where the buyer does not physically receive the electricity produced by the generator. The example of this is a solar farm to a remote industrial user.   |
| Q3. Do you agree with our definition of PPAs?  | Should define between Consumption and Product PPAs - the document is only calling this a Generation (ie production PPA) - so does not recognise Consumption PPAs. - this definition flows through the whole of the document yet there is a massive difference in rates, benefits and especially risks when comparing Consumption and Production PPA's  |
| Q4. Have we correctly identified buyer and seller motivations for PPAs?                            | Yes, a mix of price certainty and decarbonisation. The REC market in New Zealand is currently a commercial market rather than a regulated one, this may need some oversight by the EA and ComCom to ensure best practice of REC's for their intended purpose   |
| Q5. Have we correctly identified how PPAs may fit with other contracts?                            | Yes, though this list isn't exhaustive   |
| Q6. Do you agree with our characterisation of how PPAs may impact system evolution?                | SEANZ disagrees with the system evolution characterisation. It's evident that PPAs can drive system growth and expand industrialisation through the peer to peer nature of the increased generation. Pricing for a PPA isn't influenced by Nodal pricing if the generation is paired with a matched offtake agreement. Example would be a datacentre collocated with a solar farm and BESS. PPAs |



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|  | <p>can drive economic growth and should be considered as essential to business growth in NZ.</p> <p>The New Zealand Electricity Market is already influenced heavily by hedge contracts that reduce exposure to the spot price. PPAs should be categorised in the same way, however PPAs have the added benefit of encouraging investment, where hedge contracts are risk mitigation.</p>  |
| Q7. Have we correctly identified and understood PPA headwinds?   | PPA demand is the largest concern. Removing barriers needs to be the focus of the task force, for the reasons stated above.  |
| Q8. Do you agree with the potential benefits we have identified? | Add the growth of markets and the reduction of fossil fuel use to the list of benefits. PPAs can offer fuel price certainty for Electric Vehicles of all types, and reduce NZ exposure to world oil prices.  |
| Q9. Do you agree with the potential risks we have identified?    | SEANZ disagrees that PPA will reduce investment in new generation. Price certainty will deliver long term investments, both on the developer and the offtake side of the equation.   |
| Q10. Do you agree with the potential options we have identified? | A service that offers benefits for providing firming for virtual PPAs would be of benefit. For example, if a developer can increase their capacity factor and reduce their network impact through the use of storage, then a benefit should be offered for the deferral of network investment that provides.   |
| Q11. Do you agree with our comments on potential options?        | <p>A regulated PPA template would be of benefit, and wouldn't remove the option for commercial PPA templates, in much the same way the Regulated Terms under Part 6 of the EIPC don't remove the ability to have a bespoke connection agreement between a distributor and a distributed generator.</p> <p>All options for encouraging PPAs should be considered, given the price certainty they offer. Firming products from generators operating Hydrogeneration is a must, and should be the focus alongside the development of sleeved PPAs</p> |
| Q12. Do you have a view on the most promising options?           | A well-advertised marketplace is essential to drive economic growth and allow overseas firms to tap into New Zealand's already highly renewable electricity market. Our renewable resources for electricity generation are   |



extensive, with excellent hydro, onshore and offshore wind, solar and geothermal all available. What is lacking is our ability to sell this benefit internationally. The EA is well positioned to drive a market around these assets and provide price certainty through the development of a PPA market. It is essential that we move now, to ensure we can unlock the potential of our generation resources and move away from a NZ centric view of our energy system.



**Sustainable Energy**  
Association New Zealand